

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

Date 5TH FEBRUARY 2014

1. **REPORT TITLE** **Parish/Town Councils – Review of Concurrent Functions and Funding**
- Submitted by:** **Head of Business Improvement and Partnerships – Mark Bailey**
- Portfolio:** **Communications, Policy and Partnerships**
- Ward(s) affected:** **All**

Purpose of the Report

To present to Cabinet a proposal for a review of the existing funding arrangements dedicated to parish/town council concurrent functions.

Concurrent functions are services which can be carried out by the Borough Council but are also within the statutory remit of a parish or town council. The services are discretionary and there is – at present – no comprehensive and definitive list of such services.

To avoid 'double taxation' (where a service which could be provided by either the Borough Council or a parish/town council is financed from the parish precept in a parished area and by the Borough Council in non-parished areas with no corresponding reduction in Council Tax for the parished areas) the Borough Council provides an scheme of whereby a grant is provided to parish/town councils in the borough for use by these councils against concurrent function expenditure.

Due to the ongoing financial pressures being faced by the Borough Council, it is proposed that the current arrangements for funding concurrent functions is reviewed, and that a list of functions designated as concurrent is drafted and developed in conjunction with parish and town councils in the Borough.

This report sets out a review process and asks Cabinet to approve this proposal with a view to implementing any changes in time for the 2015/16 financial year and beyond, following consultation with parish/town councils in the Borough.

Recommendations

- a) **That Cabinet notes the contents of the report**

- b) **That Cabinet supports a review of existing arrangements for concurrent funding of parish/town councils and requests that the Transformation & Resources Overview and Scrutiny Committee undertake such a review in order to report back to Cabinet in time for implementation of a revised scheme for 2015/16.**

Reasons

The Borough Council currently operates a grant system whereby it provides funds for each of the parish/town councils in the Borough to support their activities. Given the financial pressures on the Borough Council and the need to ensure that the existing system continues to operate effectively, it is proposed that a comprehensive review of the existing grant system (which has an annual budget of £62,000) is carried out in time for implementation in 2015/16.

1. **Background**

1.1 There are currently ten parish/town councils within the Borough of Newcastle under Lyme.

1.2 A number of services provided by these councils can also be provided by Newcastle under Lyme B.C. These services are discretionary and include the following: -

- Open space and recreation grounds/facilities;
- Burial grounds;
- Bus shelters;
- Public conveniences;
- Litter collection;
- Non statutory street lighting

It should be noted that there is no definitive list of services which are regarded as 'concurrent'.

1.3 When considering concurrent functions in this context, the issue of 'double taxation' is one which needs to be addressed. 'Double taxation' arises when a service could be provided by either the Borough Council or a parish/town council and, therefore, is funded via the parish precept in parished areas and by the Borough Council in non-parished areas (with no corresponding reduction in council tax for the non-parished areas).

1.4 In order to avoid double taxation, a number of schemes are in place in different areas of the country to effectively reimburse parished areas. At present, Newcastle under Lyme B.C. operates a grant system, whereby each parish/town council is provided with an annual sum of money (each parish/town council allocation is based on a calculation against each council's tax base) with which to fund concurrent functions (section 136 of the Local Government Act 1972 allows principal local authorities to pay grants to parish/town councils in respect of concurrent functions).

1.5 At present, the Borough Council allocates around £62,000 per annum to parish/town councils in the Borough under the existing grant system. Given the financial pressures on the Borough Council, however, it is proposed that a review of the existing grant provision for concurrent functions is undertaken.

2. **Issues and Areas for Consideration**

2.1 In terms of a review of the Borough Council's funding of concurrent functions, it is proposed that this is undertaken during the 2014/15 financial year and implemented in time for the 2015/16 financial year. This will allow for the maximum possible consultation with parish/town councils and also allows Members and officers an opportunity to examine all aspects of how the current system works in practice.

2.2 It is therefore proposed that a number of key areas form the basis of a review. These include:

- An analysis of existing parish/town council spend under the heading of concurrent functions;
- A review of the existing NULBC budget for concurrent functions;
- The possible options available for dealing with the funding of concurrent functions (see comment below);
- The potential for introducing additional controls into the process whereby parish/town councils report their concurrent functions spending to the Borough Council (including whether some functions are, in future, to be determined as not 'concurrent');

- Any other questions relevant to the issue, e.g. the level of service provided by parish/town councils compared to the same services delivered in non parished areas by the Borough Council
- 2.3 In order to assist with such a review, the National Association of Local Councils (NALC) produced a document in 2011 entitled “Managing Double Taxation – A guide for local (town and parish) councils and principal local authorities’. This document offers, for example, an analysis of the options available to NULBC in terms of future funding of concurrent functions (see bullet point above).
- 2.4 As said, the timetable for this review will be determined as a part of the 2014/15 scrutiny work programme and it is suggested that the Transformation and Resources Overview and Scrutiny Committee oversee the review, which may include face to face discussions with parish/town council representatives.
3. **Options**
- Option A – that Cabinet support the proposals set out in this report, to undertake a Scrutiny review of concurrent functions and their funding by the Borough Council in time for any recommendations to be implemented in time for the 2015/16 financial year and to involve parish/town councils in such a review (Recommended)
 - Option B – that Cabinet does not support the proposals in the report, thereby potentially losing the opportunity to review the existing approach for the funding of concurrent funding and thereby missing an opportunity to ensure that the system is working effectively (Not Recommended)
4. **Proposal**
- 4.1 It is proposed Cabinet consider the report and agree to the proposals set out for a review of the existing funding regime for concurrent functions as delivered by the parish/town councils in the Borough.
- 4.2 Cabinet are asked to recommend that the review is overseen via the Scrutiny process and that parish/town councils are consulted as part of the review
5. **Reasons for Preferred Solution**
- 5.1 The existing system of Newcastle under Lyme B.C. funding of parish/town council concurrent functions has been in place for some years and – given the financial pressures facing NULBC, together with the ongoing demand from citizens to deliver high quality services, a review of concurrent functions is required to ensure that funds are being used effectively and efficiently by parish/town councils and that the existing levels of funding are appropriate.
6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**
- 6.1 The recommendations set out in the report support the corporate priority of the Council to be a co-operative council, delivering high-quality, community-driven services.
7. **Legal and Statutory Implications**
- 7.1 The Borough Council is permitted to provide funding as it does currently under s.136 of the 1972 Local Government Act, but there is no compulsion on NULBC to provide this funding.
8. **Equality Impact Assessment**
- 8.1 An Equality Impact Assessment is being developed.

9. **Financial and Resource Implications**

9.1 There are resource implications in terms of the provision of concurrent function funding and this will be considered as part of the review, together with any potential support offered by NULBC to parish/town councils.

10. **Major Risks**

10.1 The major risks with these proposals include: -

- Reputational – if the Council chooses to reduce funding
- Lack of buy-in from parish/town councils

11. **Sustainability and Climate Change Implications**

11.1 No direct implications.

12. **Key Decision Information**

12.1 This item is included on the Forward Plan

13. **Earlier Cabinet/Committee Resolutions**

None

14. **List of Appendices**

None

15. **Background Papers**

Managing Double Taxation: A guide for local (parish and town) councils and principal local authorities – National Association of Local Councils January 2011